



# Elder Financial Abuse

Los Angeles County District Attorney's Office

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## Fraudulent Living Trusts

### What are the problems with living trusts?

Fraudulent businesses and unethical individuals are taking advantage of consumers who place their assets in living trusts to avoid probate.

Many "trust specialists" tell seniors that "living trust kits" can save thousands of dollars. In reality, these kits often are very costly, lack proper instructions and simply may not fit your financial planning needs. The sales representatives often start hard-sell tactics after asking only a few questions – hardly enough time to determine the financial needs of a person, let alone if they should have a living trust.

Be sure to look for warning signs and take steps to protect your assets.

### Warning Signs

- A salesperson pressures you into creating a living trust after asking you only a few questions about your assets and will.
- A salesperson avoids answering direct questions about the costs, fees and withdrawal penalties associated with the living trust. A salesperson or phone telemarketer wants you to decide right away rather than letting you talk to your family or close friends. Reputable businesses make their services and fee policies as clear as possible. Vague or unclear answers are often signs of fraud or possible future problems.
- Shortly after creating your living trust, you begin receiving offers in the mail to liquidate or convert your assets in the trust for an exorbitant fee. The living trust company may simply be looking for a way to take more of your money.

### Prevention

- You have the right to end the presentation or hang up the phone at any time.
- If your questions are not answered or if the answers are unclear, do not sign any documents.
- If you receive an offer to liquidate your assets in the trust, make sure the offer is reviewed by an independent party.

For more information about living trusts, visit the State Bar of California's website ([www.calbar.ca.gov/Public/Pamphlets/LivingTrust.aspx](http://www.calbar.ca.gov/Public/Pamphlets/LivingTrust.aspx)).